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**CONTRIBUTION TO NIE-35/1: PROBABLE DEVELOPMENTS
IN INDOCHINA THROUGH MID-1952**

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1. FACTORS INFLUENCING CHINESE COMMUNIST POLICY TOWARD INDOCHINA

**P. What trends in French-Vietnamese capabilities to resist
Viet Minh-Chinese Communist pressure are probable through
mid-1952?**

2. In political strength and stability within Vietnam?

There is little indication that the internal political situation in Indochina will vary in any important particular from the pattern that persisted throughout 1951. During this period the Vietnamese government was slow to develop and continued to suffer from lack of strong leadership, despite the efforts of the Minister of Security and acting governor of North Vietnam, Nguyen Van Tam, to restore security in certain areas of the Tonkin Delta from which the Viet Minh had been evicted. Factors continuing to inhibit the growth and progress of the Vietnamese government are likely to be those cited in NIE 35: lingering Vietnamese suspicion of any French-supported regime, combined with the apathetic and "fence-sitting" attitude of the bulk of the people; French reluctance to relinquish ultimate control of political and economic affairs; the difficulty of a new government in training the necessary personnel and building an efficient administration; and the failure of factional and sectional groups to unite in a concerted national effort. An additional disturbing factor detracting from support for the Vietnamese Government had been the growth of an anti-French, anti-Viet Minh "third force" under the dissident Cao Dai Colonel Trinh Minh The.

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Tran Van Huu will probably remain as Prime Minister in the absence of any likely successor, but it is most improbable that he will be able to attract additional or more representative support to any significant extent. Huu's diplomatic efforts at the Japanese Peace Conference and at the meeting of the High Council of the French Union appear to have achieved an immediate spurt of enthusiasm for the Huu government, but the effect in each case was not lasting. Despite promises that a Ministry of National Defense will be created, there seems to be no dynamic governmental or public backing for Vietnam's national army. The significant faction of "fence-sitters" and many supporters of the present Vietnamese Government are likely to continue to argue that the missing element that might inspire additional political strength, evidence of France's intention to grant independence on the model of the British Commonwealth, is not forthcoming. This attitude, combined with the ever-present threat of a Chinese Communist invasion, may cause many Vietnamese to resign themselves to a feeling of hopelessness, rather than inspire them to rise to the support of the Government of Vietnam and the Franco-Vietnamese forces.

3. In the determination to resist:

a. Political and economic developments within France?

Trends through mid-1952 in French capabilities to prosecute the war in Indochina depend on the stability and composition of governments

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succeeding the Pleven coalition, as well as on the quantity of additional US aid.

There is a strong probability that the Faure Government, if invested, will be even more unstable than the former Pleven Government. Assuming investiture, however, official Indochina policy will initially be similar to Pleven's: no abandonment of the territory, pursuit of military operations, coupled with pressure on the US for "massive" aid. Inasmuch as the French Treasury will probably be short of funds throughout the year, credits actually budgeted and voted may not be available for expenditure in Indochina. A national budget deficit resulting from simultaneous Indochina and NATO commitments indicates French requirements of approximately 950 million dollars to reach adequate military levels, of which a part would have to be financed by supplementary US aid. Moreover, renewed price rises in France will probably reduce the real level of the funds already allocated. Economies which might notably diminish the amount of the deficit are improbable because of basic divergencies between the moderate Left and Right political parties. Hence, should US financial aid fall very short of whatever deficit eventuates, the French will to continue the struggle will progressively weaken in the light of difficult alternatives: 1) failure to meet NATO commitments, 2) curtailment of the Indochina effort, or 3) a resort to directly inflationary financing.

A government which included some Gaullists but not General de Gaulle might succeed a weakened Pleven-type coalition. This appears to be

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predicated on a split within the RPF, however, so that consequences for Indochina would not be greatly different from those already outlined.

Led by General de Gaulle, an Extreme Right government would maintain the effort in Indochina. However, Gaullist demands on the US for a revision of the French role in NATO, for re-examination of the European Defense Community and of present plans for an EDF would take on renewed acuity. In the Assembly debates on December 29, 1951, Gaullist spokesmen pressed for an "interallied theatre of operations,"-- that is, for US entrance into the Indochina war.

b. Political and economic developments within Indochina?

As long as the military situation does not deteriorate, and the threatened Chinese Communist invasion does not become a reality, there is likely to be little change in the will to resist of the Vietnamese Government. General de Lattre's death is unlikely to have serious repercussions among the Vietnamese, providing effective military leadership is provided by his successor. It is not felt, however, that Vietnamese morale is presently such that it would support sustained resistance against either the Viet Minh or the Chinese Communists cooperating with the Viet Minh in the event the military situation begins to deteriorate. The Vietnamese Government proper would probably be willing to cooperate with the French as long as the French effort was pursued, but it might be expected that a majority of the population would attempt to avoid commitment and even a portion of outspoken government supporters might attempt to make their peace with the Viet Minh. An exception and potential rallying point for anti-Communist

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resistance might be the "third force" represented by Colonel The.

Should the UN or the UK and US send troops in support of the Franco-Vietnamese effort, Vietnamese resistance would probably stiffen, and some support might be drawn from the Viet Minh if such a military effort were accompanied by political guarantees of future independence.

Neither Cambodia or Laos, if invaded in force, may be expected to offer effective resistance to either the Viet Minh or Chinese Communists.

It is unlikely that economic developments in Indochina will be such as to influence the situation to any appreciable extent. In the absence of security requisite for the restoration of the normal economy, the Associated States are unlikely to accrue additional revenue to support their national armies or meet their budgetary deficits; this burden will continue to fall to France.

G. What is the importance of Indochina to the USSR and to Communist China?

The importance of Indochina to the Communist Bloc. (1) Potential Importance. The potential importance of Indochina to the Communist bloc and particularly to Communist China is based upon the fact that in Communist hands Indochina would become (a) a possible strategic stepping stone to further Communist conquests in Southeast Asia; (b) a major prestige factor for the Kremlin--the conquest of Indochina by the Communists would seriously weaken the determination of Thailand, Burma, and other areas to resist Communist aggression; (c) an important "buffer" area, preventing the "encirclement" of Communist China by

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non-Communist states and safeguarding other possible Communist conquests in Southeast Asia; and (d) an important economic area, providing the Communist bloc with a rice surplus, rubber, coal and other economic advantages.

(2) Present Importance. Within the time-context of this estimate the Communist leadership will probably primarily consider not the long-range importance of Indochina, but the present importance of the areas now under DRV control, and in particular the fact that (a) the existence of the DRV armed forces has compelled France to maintain a considerable military investment in Indochina, seriously reducing French capabilities for contributions to NATO; (b) the DRV, as the only Communist regime in southeast Asia recognized by the Communist satellite states, represents a considerable prestige investment in Asia which has so far prevented the Associated States from assuming full international status in the eyes of many "neutralists" or pro-Communists; (c) the DRV, while not constituting a firm "buffer" for south China, has helped to prevent the establishment of stable non-Communist forces on China's border.

(3) Importance in case of World War. In the event of a general Far Eastern or world war, Indochina might be of less relative importance to the Communist bloc than at present, unless a determined drive into Southeast Asia is dictated by the Soviet need for raw materials. If it should become necessary for the Communists to retrench their power in the Far East during the conduct of a general war, southeast Asia would probably be surrendered ahead of other areas, not only because of its remote location from the center of Communist military and economic strength, but also because of the fact that not only southeast Asia

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but also the southern part of China is of comparatively little military and economic importance to the Soviet bloc. It is probable that in the event of a world war, Communist strength in the Far East would be concentrated in Korea, Manchuria, and north China and that the main Far Eastern offensive effort would probably be directed against Japan. Furthermore, there are indications that in the event of an invasion of the Chinese mainland, the Peiping regime would withdraw its strength to north and northeast China and would not attempt to make a stand in the south, thus further reducing the importance of Indochina.

H. What would be the influence on Chinese Communist courses of action with respect to Indochina of:

1. World Communist Strategy in Asia. Communist policy toward Indochina is determined not only by considerations of Communist interests in Indochina, but also by considerations of World Communist strategy. It remains the primary Communist objective in Asia to extend Communist control to the areas now under non-Communist governments. In the pursuit of this objective the Communist leaders have at their disposal a wide variety of strategic devices, including both military pressure (by native Communist-controlled armies or by foreign "volunteers") and campaigns of "peace". Communist policy toward Indochina will depend upon the extent to which the world Communist leadership regards present policies as successful, the extent to which it will hope to exploit "neutralist" sentiment in Asia and elsewhere, and the extent to which it will attempt to exacerbate existing differences in Far Eastern policy among the US, UK, and France. The DRV forces may continue their present tactics while steadily achieving a greater military potential through Chinese materiel aid and advice, or the Kremlin may try for a dramatic victory in Indochina

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through Chinese intervention. However, in view of the estimated probability that the Kremlin desires to launch neither a general Asian nor a world war during the time period of this estimate, it is unlikely that the Kremlin would in the near future shift to a policy of full-scale Chinese Communist intervention in Indochina if it believed such a policy to entail a severe danger of world war.

2. Possible Western Counter-measures. A Communist decision to commit Chinese troops to the war in Indochina would necessarily be based largely on the Communist estimate of possible western countermeasures to such an attack. Recent western developments, including the Singapore conference, the Washington tripartite talks on Southeast Asia, and the Truman-Churchill conference, and statements by Eden, Juin, Churchill, Truman, Dewey, and others, have probably created an awareness among the Communist leadership of the danger that the west may react with vigour and determination to Chinese aggression in Indochina. However other developments, particularly the domestic political situation in France, the US, and Great Britain, may have tempered this realization somewhat. The Communists probably realize that once US and other western troops are committed to a full-scale war, it may be difficult to localize that war and to keep it from affecting the Chinese mainland. It is probable that in any decision on possible invasion of Indochina, the danger of retaliatory action against China itself will be a paramount factor.

3. Developments in Korea. Developments in Korea will effect policy toward Indochina, not only insofar as Indochina and Korea compete for materiel and troops, but particularly since the two theaters are

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important aspects of Asian Communist policy. While it does not seem likely that the potential importance of Indochina to the Communist bloc is great enough to lead the Communists into a general Far Eastern or world war in order to conquer Indochina, it is possible that developments in Korea may make it impossible for the Communists to confine hostilities to a limited area. In that case, the Communists may desire to create a diversionary attack in Indochina. Conversely, if the Korean war ends in a cease-fire and the Communists desire continued hostilities, they may shift their effort at military expansion in Asia to Southeast Asia. However, it should be noted that the Communists have thus far demonstrated a seeming desire to avoid a widening of the Korean hostilities. Increased Chinese Communist intervention in Indochina would increase the risk of regional, if not global, war and would therefore appear to undercut the apparent Communist policy in Korea.

4. Developments in Southeast Asia. Among the possible developments in Southeast Asia that might have a bearing on Chinese intentions would be:

(a) A substantial improvement of Communist military prospects in Indochina. A substantial improvement in the DRV military position, whether caused by Chinese materiel aid and technical assistance, or by a reduction in French and Vietnamese capabilities and determination, would probably be interpreted by the Communist leaders as proof of the probable success of their present strategy. It would be unlikely, under such circumstances, that the Communists should shift to the more dangerous and costly policy of direct intervention by Chinese Communist troops.

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(b) A substantial improvement of French and Vietnamese military prospects in Indochina. An improvement of the French and Vietnamese military prospects in Indochina sufficient to threaten the DRV with extinction would probably lead to a reappraisal of present Communist policies, and to a greatly increased danger of Chinese intervention on the Korean model. However, an improvement in French and Vietnamese prospects sufficient to seriously threaten the survival of the DRV is unlikely within the time-context of this estimate.

(c) Other Developments in Southeast Asia. It is unlikely that other developments in Southeast Asia, such as a decisive shift in the prospects of the Communist movement in Burma or political change in Thailand, would have a serious effect on Communist intentions toward Indochina within the time context of this estimate.

5. Domestic Developments in China. Domestic Chinese considerations are probably not a major factor in Communist intentions toward Indochina, except insofar as domestic considerations may influence the Chinese Communists toward wishing to avoid another military commitment of the scope of the Korean war. The Peiping regime has demonstrated that it is capable of supporting a sizeable war effort without suffering such consequences as a breakdown in rail transportation, a shortage of manpower on the war front, an increase in guerrilla activity at home, or anti-Communist riots in cities. However, the Korean war has resulted in strains in Communist China, and has probably led the government to exhaust its political, economic, and social capital at a faster rate than previously planned. While the existing strains are not sufficient to preclude a new military commitment, particularly if the Korean war should

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and in a cease-fire, they are sufficient to give the Peiping regime pause before embarking on military adventures that might lead to more than local, limited hostilities. In particular, it is probable that the Peiping regime, having exhausted much of the popular support it had on its accession to power, would be very reluctant to face the danger of an actual attack on or invasion of the mainland in reprisal for an attack on Indochina.

II. INDICATIONS OF CURRENT CHINESE COMMUNIST INTENTIONS WITH RESPECT TO INDOCHINA

- B. What indications may be derived from non-military events in the Far East such as Communist (Soviet, Chinese Communist, Viet Minh) propaganda, the movement and change of status of Communist leaders, and the formation of joint Viet Minh-Chinese Communist cultural and/or military organizations?

No firm conclusions regarding Communist intentions in Indochina may be drawn from analysis of communist propaganda or other non-military evidence.

A propaganda base, stressing the themes of the "struggle against Western imperialism", the "unity of the camp of peace and democracy" the reliance that may be placed in Soviet and Chinese Communist leadership and military strength, etc., has been laid for some time. A number of rather ominous and specific references to US plans to create another "Korea" in Indochina in recent Chinese Communist and USSR propaganda may have been intended to discredit or influence Western proposals in the UN, US Mutual Security arrangements, the Korean negotiations, etc., and do

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not, by themselves, warrant a conclusion that aggressive action is envisioned for the immediate future. In this connection, it might be significant that there has not recently been any notable step up in Viet Minh propaganda regarding Communist China and the USSR. On the other hand, there is little reason to hope that indications of more overt Chinese Communist intervention will be found before the act, since the preliminary propaganda base for such intervention has been firmly laid.

Visits of Viet Minh delegations to Communist China, North Korea and the USSR, celebration with much fanfare of Chinese Communist and USSR national holidays, the actions of Sino-Vietnam and Vietnam-Soviet friendship Associations, continue to point to the special relation that each of these countries continues to occupy in relation to the Viet Minh. The USSR is regarded as the "fatherland of the revolution" and the "leader of the world camp of peace and democracy"; Communist China, by virtue of its geographic position, is respected as pointing the way to the successful achievement of colonial revolution, which example is to be emulated by the Viet Minh. However, none of these activities serve to elucidate Communist intentions, other than to clearly define ultimate Communist objectives.

Although there are numerous low-grade reports concerning joint Sino-Vietnamese or Sino-Soviet-Vietnamese aid organizations in South China, it is not possible to come to any firm conclusions regarding their nature or activities. It would appear logical, in view of the scope of Chinese assistance to the Viet Minh, that such organizations exist, but there is no firm evidence to suggest Soviet participation.

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Communications facilities on both sides of the border are continuously being repaired and improved. The Chinese Communists recently opened the Laipin-Chennankuan railway to the Indochina border, although several months behind schedule. An old railway bridge near Laokay and parts of the old railway roadbed from Mengtsu to Laokay apparently have been made operable, at least for truck traffic. These activities, however, provide no conclusive evidence of Chinese intentions, and may be normal in view of the accepted scope of Chinese Communist material aid to the Ho forces.

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